

EXECUTIVE SECRETARIAT
ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL				
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	NIO/ECON		X		
20					
21					
22					

SUSPENSE _____ Date _____

Remarks

(Dh has seen)

Executive Secretary

9 Nov 84

Date

3637 (10-81)

STAT

CABINET AFFAIRS STAFFING MEMORANDUM

84- 9881

Date: 11/8/84 Number: 169090CA Due By:

Subject: Cabinet Council on Commerce and Trade Planning Meeting:

November 14, 1984 - 8:45 A.M. - Roosevelt Room

	Action	FYI		Action	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	CEA	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CEQ	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OSTP	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Baker	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	McFarlane	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HUD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Svahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Chapman	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
IA	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
			Executive Secretary for:		
GSA	<input type="checkbox"/>	<input type="checkbox"/>	CCCT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EPA	<input type="checkbox"/>	<input type="checkbox"/>	CCEA	<input type="checkbox"/>	<input type="checkbox"/>
NASA	<input type="checkbox"/>	<input type="checkbox"/>	CCFA	<input type="checkbox"/>	<input type="checkbox"/>
OPM	<input type="checkbox"/>	<input type="checkbox"/>	CCHR	<input type="checkbox"/>	<input type="checkbox"/>
VA	<input type="checkbox"/>	<input type="checkbox"/>	CCLP	<input type="checkbox"/>	<input type="checkbox"/>
SBA	<input type="checkbox"/>	<input type="checkbox"/>	CCMA	<input type="checkbox"/>	<input type="checkbox"/>
			CCNRE	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

There will be a Cabinet Council on Commerce and Trade planning meeting on Wednesday, November 14, at 8:45 A.M. in the Roosevelt Room.

The agenda is as follows:

- Report on U.S.-Japanese Subcabinet Meetings (paper attached)
- Trade Policy implications of the new Canadian Government (briefing - no background paper)

RETURN TO:

☐ Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823 (White House)

☐ Don Clarey ☐ Tom Gibson ☒ Larry Herbolsheimer
Associate Director
Office of Cabinet Affairs
456-2800 (Room 129, OE08)

DCI
EXEC
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THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

October 29, 1984

MEMORANDUM

TO: Members of the Cabinet Council on Commerce and Trade
FROM: Ambassador William E. Brock
SUBJECT: Status of U.S.-Japan Consultations

During September, seven U.S.-Japan bilateral groups met to review the full range of economic and trade issues.

During all sessions, both sides acknowledged the seriousness, from an economic as well as political standpoint, of the growing trade imbalance between the two countries. However, in each meeting, the Japanese only responded to U.S. concerns without proposing new solutions.

A brief summary of the meetings follows. A thorough review of bilateral trade issues is being prepared. This review will include options for addressing the most critical issues.

High Tech Working Group - September 13-14

The U.S. noted with concern that, although the dollar value of its semiconductor exports to Japan is increasing, the U.S. is losing market share. An increase in U.S. market share is a primary goal of our joint undertakings on semiconductors. It further appears that few Japanese companies are establishing long-term relationships with U.S. suppliers. Semiconductor data collection efforts were reviewed. Both sides agreed to explore improvements in the data collection system to enhance its usefulness.

Both sides discussed the status of pending semiconductor patent legislation, and agreed to keep the other side advised.

The U.S. side expressed its strong concern about the rapidly growing imbalance in telecommunications equipment and noted that the ever-increasing trade imbalance is resulting in growing political pressure to close U.S. markets to foreign telecommunications equipment. We are seeking a High Tech Working Group meeting in mid-November to continue discussions of patent and telecommunications issues.

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Investment Policy Committee - September 17

Both sides discussed methods to enhance greater two-way direct investment flows between the two countries. The Japanese explained that the Office of Trade Ombudsman is being expanded to handle complaints by foreign investors, and that JETRO has established an investment facilitation and information office. The U.S. expressed its appreciation for the abolition by Japan of the "designated company" system, as well as the Japanese Government's commitment to now allow foreign trust banks to enter the Japanese pension fund market.

The Japanese delegation expressed its appreciation for the progress being made by several States in abolishing or revising the unitary tax.

The U.S. side reiterated its desire that U.S. investors be given national treatment in Japan in all possible industries. In addition, the U.S. renewed its request that the prenotification requirement for foreign investment be abolished. The Japanese reported that the prenotification period had been reduced to two weeks prior to the actual investment, with action being taken to reduce this period even further.

Industrial Policy Dialogue - September 18

The U.S. side raised a number of remaining questions regarding Japan's industrial policies and their effect on trade. In particular, the U.S. stated its desire that Japan provide increased transparency to foreigners, allow greater foreign access to Japan's industrial policy decisionmaking process, grant the nondiscriminatory transfer of nonsensitive technology, restrict anticompetitive policies limiting import penetration, and provide that specific industrial policies be temporary and degressive.

Both sides discussed MITI's plans for new or current policies, including its policy on emerging industries, the implementation of the 1983 depressed industries legislation, and its plans with respect to anti-dumping procedures.

The Japanese requested information about their access to technology provided by various U.S. agencies. They were provided information by representatives from the Department of Defense, the Center for Material Sciences of the National Bureau of Standards, the National Science Foundation, and others.

The next meeting will likely be in February 1985. USTR has circulated a draft study of Japanese industrial policy for interagency review.

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Trade Committee Meeting - September 19

As the principal forum for U.S.-Japan bilateral trade relations, the Trade Committee meeting addressed numerous areas, including pending U.S. legislation (Omnibus Trade Bill, Export Administration Act, Intangible Property Rights, Buy America, and canned tuna tariff); individual issues (steel, motorcycles, and cab chassis, textiles, chocolate, tobacco, leather and footwear, and machine tools); telecommunications (satellites, NTT and software); industrial and agricultural tariffs; standards and certification; government procurement; services (lawyers and shipping); fisheries; and export financing.

The underlying message of the U.S. delegation to Japan was "Where are the imports?" The U.S. reiterated the bilateral necessity of spurring the growth of Japanese demand for manufactured imports at the same time as the barriers to those imports (whether tariffs, standards, or other) are effectively removed. While U.S. welcomed the positive steps in the April 27 package, there are numerous key issues on which progress remains to be made.

While characterizing the talks as "friendly and productive," the Japanese made no commitments to provide further trade packages.

Economic Sub-Cabinet Consultations - September 20-21

Both sides exchanged views on international and domestic economic developments, including energy, agriculture, trade, and labor. Both delegations discussed progress in international debt and economic assistance cooperation. General comments were exchanged on East-West trade issues, including export control matters, followed by a discussion of the circumstances required for a contemplated new multi-lateral trade round.

A comprehensive review of U.S.-Japan economic relations was coupled with a presentation and summary of the preceding High Technology, Investment, Industrial Policy, and Trade Committee meetings.

The next meeting will likely be in February or March 1985.

U.S.-Japan Energy Working Group - September 21

Both sides discussed ways to increase energy trade, including the encouragement of private joint development of U.S. energy resources and possible steps to increase use of secure U.S. fuels as a substitute for less secure oil imports. U.S.-Japan coal trade has stagnated, with the U.S. remaining the swing coal supplier to Japan. Both sides agreed that energy concerns will require sustained high level attention by both governments.

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Forest Products - September 25-26

The two sides discussed the current depressed status of their countries' respective market conditions for forest products. The U.S. side reiterated its request for reduction of the high Japanese tariffs on veneer, softwood plywood, and particleboard. The Japanese delegation responded that tariff reductions were not possible at present due to the depressed nature of the Japanese market.